

CITY OF MORGAN HILL  
JOINT REGULAR REDEVELOPMENT AGENCY AND  
SPECIAL CITY COUNCIL MEETING  
MINUTES - FEBRUARY 28, 2001

**CALL TO ORDER**

Chairman/Mayor Kennedy called the regular and special meeting to order at 7:00 p.m.

**ROLL CALL ATTENDANCE**

Present: Agency/Council Members Carr, Chang, Sellers, Tate and Mayor/Chairman Kennedy

**DECLARATION OF POSTING OF AGENDA**

Agency Secretary/City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

At the invitation of Chairman/Mayor Kennedy, Planning Commissioner/Blue Ribbon Task Force Member Joe Mueller led the Pledge of Allegiance.

**INTRODUCTIONS**

Executive Director/City Manager Tewes introduced Melissa Dile and Tony Eulo, newly appointed Assistants to the City Manager.

**PUBLIC COMMENT**

Chairman/Mayor Kennedy opened the floor to comments for items not appearing on the agenda. No comments were offered.

***Redevelopment Agency Action***

**CONSENT CALENDAR:**

**Action:**        *On a motion by Agency Member Chang and seconded by Agency Member Tate, the Agency Commission unanimously (5-0) **approved** Consent Calendar Item No. 1 as follows:*

**1. JANUARY 2001 FINANCE AND INVESTMENT REPORT**

**Action:** Accepted and filed report.

## ***City Council Action***

**CONSENT CALENDAR:**

**Action:** *On a motion by Council Member Chang and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **approved** Consent Calendar Item Nos. 2 and 3 as follows:*

**2. AMENDMENT TO AGREEMENT FOR COMPUTER SERVICES**

**Action:** Authorized Staff to Extend Contract with UltraServ, Inc., from April 9, 2001 to June 3, 2001.

**3. SPECIAL JOINT CITY COUNCIL AND BLUE RIBBON TASK FORCE MEETING MINUTES OF FEBRUARY 6, 2001**

**Action:** Approved the Minutes as written.

**OTHER BUSINESS:**

**4. IMPLEMENTATION OF COUNCIL'S MEDICAL SERVICES OBJECTIVES**

City Manager Tewes presented the staff report. He provided a summary of the Blue Ribbon Task Force (BRTF) recommended action steps as follows:

1. Establish a Community Healthcare Foundation to provide healthcare services, including a hospital.
2. Conduct a feasibility study to determine the amount of philanthropic dollars that can be raised.
3. Pursue facilities and land for a hospital.
4. Keep a site zoned for a hospital.
5. Insure that the citizens maintain control over healthcare density.
6. Develop a business and marketing plan for medical services.

City Manager Tewes indicated that several members of the BRTF were present in the audience and might address specific issues raised by Council Members. He stated that first and foremost the financial security of the City on entering into such a venture must be considered. He spoke briefly on the issues the City's Management Team has identified as essential for the recommendations to move forward:

- < appointment of a Board of Directors, including business and medical representatives
- < attracting primary care and specialty physicians

- < the potential for auxiliary staff
- < decisions on the level of service achievable for the City, (e.g., a full-service acute care hospital or limited hours urgent care center)

Mayor Kennedy asked if the issues of zoning other properties for a hospital/medical care facilities have been addressed?

City Manager Tewes said that it is important to look at the existing zoning codes to identify sites where a preferred use is possible. He cautioned that it is not feasible to identify alternative sites without first obtaining cooperation from the property owner. Responding to questions, he said that it is appropriate to look at possible sites for the purpose of rezoning.

Council Member Tate asked if a business/marketing plan for medical services has been addressed? While he truly appreciated the work of the BRTF, he had thought their report would include a financial plan, noting that one was not submitted with the report. Further, while the City Manager's report suggests such a plan, it is not in place and could have wide-ranging ramifications. He also voiced concerns in putting a foundation in place, stating that members serving on such an organization will want to know specifics relating to dollars. He said that it appears that a budget and financial arrangements will not be in place until the Foundation actually takes over.

City Manager Tewes stated that the Council must operate on theory and must adopt and implement the theory presented. He said that the City has a number of providers who have indicated that they would take space/pay rent in a medical facility. He felt that the city needs firm commitments in such matters. He felt that a CEO can assist with this. Further, he said that should the City be unable to acquire the former St. Louise hospital site, a strategy must be found to move toward the implementation of the BRTF recommendations in increments, utilizing the resources available.

Council Member Tate expressed concern with the limited information provided on pages 52 and 57 of the BRTF report. He requested an explanation of the numbers (low and high rents) and inquired what the spread located on page 68 was based upon?

City Manager Tewes responded that the spread was based on a 40,000 square foot facility and explained how the figures were derived, indicating that the figures were based on rents being paid for medical office buildings and doctors' offices (comparable rents).

Council Member Tate inquired as to the amount of interest that has been expressed in supplying medical services by current physicians in the area?

City Manager Tewes stated that initial talks with local physicians are promising and that it is projected that others in the area would be interested as well. He cautioned that tonight's meeting is not intended to provide full-fledged information, but recommendations which, if adopted, can be acted upon. He stated that it would cost approximately \$600,000 to \$1.5 million to attract six new doctors. He noted that while

some doctors may be available, there is a possibility of being able to provide incentives in terms of housing/financial assistance to get doctors to relocate to Morgan Hill. He said that there have been discussions regarding the establishment of a program that would include an urgent care with extended hours, possibly 12 to 18 hours per day.

Council Member Carr inquired about the projected annual cost and whether there would be an end to annual costs to the City?

City Manager Tewes suggested that this issue would be negotiated. However, studies have shown that it takes approximately 2-3 years to establish a medical practice. He noted that page 57 of the staff report indicates a low range of \$100,000 annually per doctor is needed to enter into an agreement.

Mayor Kennedy complemented staff on the preparation of a detailed, comprehensive report. He suggested that following the public hearing, the City Council attempt to reach a consensus on the recommendations presented.

Council Member Chang stated her support of the medical facility's plan, thanking the BRTF for all the work provided. She did not want to see the City held fiscally liable for a lengthy period of time. She indicated she had been able to attend a conference recently to gather information on the provision of medical services in other communities in California.

Mayor Kennedy opened the floor to public comments.

BRTF Member Glenda Garcia stated that the rent comparisons noted in the report include the current rent of the MRI building at the St. Louise Hospital site. She reaffirmed a belief that doctors would readily come to a facility when plans become a reality.

BRTF Chairman Bernie Mulligan asked if the City is successful in negotiations with San Jose Christian College to obtain the site, would the restriction of "not having a medical facility on the site" still be in force?

Mayor Pro Tem Sellers addressed the issue, stressing that the reference made in the report deals with a variety of options, and that while 120 days is referenced for negotiations, he does not view this as the only course of action.

Under discussion of the recommendations, the following was highlighted:

- By-laws for the Foundation can either emulate from the City Council or be sent from the Foundation to the Council for adoption.
- Determination of when to appoint a convening (interim/working) committee
- Need for resolution of when to appoint members to the Foundation
- Whether to appoint a CEO, if so, how should the choice be determined?

Vince Bradley spoke to this issue, stating that a CEO is necessary to provide guidance for

the long term success of a Foundation. He said it is conceivable that the interim CEO may be appointed as the CEO of the Foundation, once it is in place.

- Responsibility for determining the fundraising activities and the extent of City Council involvement in said fundraising activities  
BRTF Member Kit Greenberg spoke on the qualities of having an interim (convening) board versus initially appointing the final board. She urged the Council to seek members on both Boards who are committed to giving time, energy and effort to perform the basics required to set up good medical services for the community.
- Time frame(s) necessary for the goals to be met  
BRTF Member Joe Mueller urged the City Council to think in terms of skills in planning for both an interim and permanent Board. He stressed the need to define what the final (Foundation) Board is to be charged with accomplishing. It was his belief that it was important to attract the right people to ensure success and provide quality medical care.
- The amount of communicative continuity between the Council and the Foundation Board  
BRTF Member Mueller stated that it was important, at the very least, that the Foundation Board present an annual report to the Council in an open meeting.
- The linkage of items 7-8-9 (page 58 - BRTF report); City Manager Tewes cautioned that these items must be dealt with concurrently.
- The role of the Redevelopment Agency in implementing the recommendations of the BRTF.

**Action:** *It was the consensus of the City Council **to support** the “Summary Recommendations” as listed on page 58 of the agenda packet.*

**Action:** *It was the consensus of the City Council **to appoint** Mayor Kennedy and Mayor Pro Tempore Sellers to a committee that would address the issues, reporting back to the City Council with a proposal for a positive course of action, including:*

1. **Initiation** of a Community Based Nonprofit Foundation to implement the Medical Services Objectives,
2. **Appropriation** of funds to assist the Foundation in its start up costs which should include: hiring an Executive Director, securing office space, and conducting a fundraising feasibility study, and
3. **Authorization** for City Staff to enter into negotiations with the current owners of the former Saint Louise Hospital site in order to acquire the property for medical services.

## **CLOSED SESSION:**

Agency Counsel/City Attorney Leichter announced the following closed session items:

### **1.**

#### **CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION**

Legal Authority:

Government Code 54956.8 & 54956.9 (1 potential case)

Real Property(ies) involved: APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of Road (St. Louise Hospital property)  
City Negotiators: Agency Members; Executive Director; Agency Counsel; and F. Gale Conner, special counsel  
Closed Session Topic: Potential Litigation

**2.**

**CONFERENCE WITH LABOR NEGOTIATORS**

Legal Authority: Government Code section 54957.6

Agency Negotiators: City Manager, Human Resources Manager, City Attorney

**3.**

**CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION & CONFERENCE WITH REAL PROPERTY NEGOTIATOR**

Legal Authority: Government Code 54956.8 & 54946.9©

Real Property Involved: A 8.49 acre parcel located on West Edmundson Avenue, east of Community Park (APN 767-18-025)

Negotiating Parties:

For City/Agency: City Manager/Executive Director; Public Works Director, Director of Business Assistance & Housing Services; City Attorney/Agency Counsel; Special Counsel

For Property Owners: Gundersen Trust Partnership Trustee

Under Negotiation: Price and Terms of Payment

**OPPORTUNITY FOR PUBLIC COMMENT**

Chairman/Mayor Kennedy opened the floor to public comment. No comments were offered.

**RECESS TO CLOSED SESSION:**

Chairman/Mayor Kennedy recessed the meeting to closed session at 9:20 p.m.

**RECONVENE:**

Chairman/Mayor Kennedy reconvened the meeting at 11:25 p.m.

**CLOSED SESSION ANNOUNCEMENT:**

Agency Counsel/City Attorney Leichter announced that no reportable action was taken on the above listed closed session items

**FUTURE COUNCIL-INITIATED AGENDA ITEMS:**

**ADJOURNMENT**

There being no further business, Chairman/Mayor Kennedy adjourned the meeting at 11:26 p.m.

**MINUTES RECORDED AND PREPARED BY:**

**/s/ Judi Johnson**

**Judi Johnson, Minutes Clerk**